

India's Act East Policy: Japan and Mongolia

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Abstract: Indian Government's foreign policy witnessed changes in the early 90's with the adoption of the open market economy as well as the Look East Policy. China's increasing investments in the North East and the South East Asia, as well as Africa pose a geostrategic concern to India. Increased expansion of China's foreign policy, including naval activities in the Indian and Pacific Ocean, has driven India to foster economic and strategic relation with states in the region. Shared concerns over the growing influence of China have incentivized bilateral and regional cooperation between India and the states in the region. The case of India's relationship with Japan and Mongolia serve as useful example. India, Japan and Mongolia are three countries that demonstrate a strong spiritual connection. The shared cultural and religious ties in Buddhism have allowed the relationship to flourish. Japan and Mongolia, both under the growing pressure of China, look to India as a new power to countervail Beijing. Between Japan and China, top-level diplomatic dialogue has frequently been put on a hold and political ties have been disrupted over Senkakus islands and other issues. Mongolia as well has its issues with China. After the collapse of Soviet Union, Mongolia lost its security assurance from the Soviet bloc. In post Soviet Mongolia, North East Asia has become a new regional identity to Mongolia in its political, economic and strategic security. Mongolia has emerged as a part of India's new Asian outreach, both culturally as well as diplomatically. India is also concerned about China's "One Belt, One Road" initiative, where China seeks to build ports and other infrastructure around the Indian Ocean, linking Asia with other parts of the world. This China's naval expansion into regional waters in the Indian Ocean is another concern of Indian government. Geostrategic dimension engagement with Mongolia for India is necessary. If China continues its footprints around Indian border and ocean, India can play a geopolitical game in the backyard of China as well. For that, India needs a strong partner in the shape of Japan. It is where Kautilya's Raja Mandala policy works for India. To strengthen the relation with ASEAN countries, India on its Republic day 26th January 2018, invited the heads of these countries to participate in celebrations. The aim of this paper is to shed some light on the recent developments of these relations in the context of India's Act East Policy.

Key words: India, Japan, Mongolia, ASEAN, Senkakus, Look East policy, Act East Policy, North East, Kautilya

Introduction

The Arthashastra, written by Kautilya, the mentor of Chandragupta Maurya in 2300 year ago, gave the idea of good governance. Particularly, the concept of foreign policy introduced by Kautilya, the Raja Mandala, explained policies towards the states friendly and unfriendly to one's country.

After the independence from the British rule, India's first Prime Minister Jawaharlal Nehru, influenced by the Kautilya thoughts on neighborhood, created the Non-Alignment Movement. During the Asian Relation Conference in 1947, Nehru said, "There was a widespread urge and an awareness that the time had come for us, peoples of Asia, to meet together, to hold together and to advance together. If you would know India you have to go to Afghanistan and Western Asia, to Central Asia, to China and Japan and to the countries of Southeast Asia. There you will find magnificent evidence of the vitality of India's culture which spread out and influenced vast numbers of people¹⁾".

Prime Minister Indira Gandhi with her understanding of geopolitical strategies acted best on Kautilya policy by creating Bangladesh. In light of the collapse of Soviet-Union, in early 90's, India's most trusted friend and supporter at that time and the emergence of a unipolar world dominated by the United States, India had to re-think its foreign policy, and had to look for other options both regionally and globally. In 1991, India adopted the open market economy. By doing so the then Finance Minister Manmohan Singh tried to strengthen the economic and military relations with the ASEAN and other major powers.

The ASEAN was a promising area to have connection to promote its economic and strategic interests. The ASEAN, constituted economically the most dynamic region, whereas India was desperate to obtain allies for its newly opened market economy. Thus, India could not ignore this region. As a result, India's Look East Policy was officially declared in 1994 by Narasima Rao, the then prime Minister of India in his Singapore visit. He had stressed the point that India's historical and cultural relations were very old and strong and there was nothing new in India looking towards reinforcing cooperative linkages with its eastern neighbors. He laid emphasis on building strong economic and security relationship between India and its eastern neighbors.

However, after Narasima Rao, the newly appointed Prime Minister Atal Bihari Vajpayee besides continuing the policies of his predecessors created a strong image of India by making India a nuclear power. This negatively impacted the relationship India had maintained with the other countries, resulting in economic constraints. To re-build the relationship, many steps were taken under the next Prime

Minister Dr. Manmohan Singh, including civil nuclear cooperation with the US, the ASEAN free trade, border talks with China as well as establishing strong relations with Japan. The philosophy of Kautilya was deeply embedded once again, as Prime Minister Dr. Manmohan Singh indicated, “whatever policy we may lay down, the art of conducting the foreign affairs of a country lies in finding out what is most advantageous to the country.”

Like the successive Prime Ministers, Prime Minister Modi also followed the policies of Kautilya's, but even more so as he firmly committed to making India a leading power by creating harmonious relation with its neighborhood. After taking the office in 2014, Prime Minister Modi has changed India's foreign policy from the “Look” East Policy to the “Act” East Policy, to further develop partnership especially with the ASEAN countries for the security and economic growth. During his four-year tenure in office, Prime Minister Modi has visited 53 countries both big and small, to improve India's relations with these countries. Among such countries, Japan and Mongolia in particular have played important roles in the Act East Policy, and their mutual needs for India in return have allowed economic and political growth in each nation. The three countries' strong ally is expected to continue going forward, with an aim to further expand the cooperation not merely among themselves but also for the entire Southeast Asia and Indo-Pacific region.

1. India-Japan Relation Under Prime Minister Modi

a. Bringing safety to the Pacific region through defense and strategic cooperation

In 2014, Prime Minister Modi declared the Act East Policy at the 12th ASEAN India Summit and the 9th East Asian Summit in Myanmar. The purpose was not merely economic but also security. Though China as emerging power is a concern to the Modi government, China's maritime dispute with many countries play a favorable role for India in its interest to strengthen relations with them, with Japan being one such country.

Japanese Prime Minister Shinzo Abe in his first premiership in 2006–2007, started the concept of quadri-lateral security and emphasized about having strong relation with India. During his visit to India, Prime Minister Abe spoke to the Indian parliament members and said, “*The Discovery of India*’, by which I mean we have rediscovered India as a partner that shares the same values and interests and also as a friend that will work alongside us to enrich the seas of freedom and prosperity, which will be open and transparent to all. By Japan and India coming together in this way, this “broader Asia” will evolve into an immense network spanning the entirety of the Pacific Ocean, incorporating the United States of America and Australia. Open and transparent, this network will allow people, goods, capital, and knowledge to

flow freely.” Prime Minister Abe indicated that it is the responsibility of the two democracies, Japan and India as maritime states who’s vital interests in the security of sea, to pursue a policy of freedom and prosperity of the region. He stated, “Japan-India relationship is blessed with the largest potential for development of any bilateral relationship anywhere in the world. We are also in perfect agreement that ‘A strong India is in the best interest of Japan, and a strong Japan is in the best interest of India.’”²⁾”

The Abe quadrilateral initiative was renewed in 2017. The four maritime democracies, Japan, Australia, India and United States had discussed again the importance of maritime security and regional peace under the leadership of Prime Minister Abe in the ASEAN meeting of 2017. Today, in order to curb China’s increasing influence on the region, Japan and India along with the United States, conduct regular naval exercises in the Indian Ocean.

b. Technical and financial assistance for development projects

Prime Minister Modi has visited three times in 2014, 2016 and 2018, respectively, establishing a strong personal relation. Prime Minister Modi is the first foreign political leader to be invited to a private house of Prime Minister Abe in Japan, which was seen as an act of gratitude by the Japanese Prime Minister, who had been welcomed by Prime Minister Modi in his home state Gujarat’s Ahmadabad city in Western India last year. In 2017, Prime Minister Abe had visited Ahmadabad city to attend the inauguration ceremony of the construction of a new high-speed railway that will leverage the Japanese bullet train technology to link Ahmadabad to Mumbai. As seen by such friendly and strong relations shared by the two leaders, under the leadership of Prime Minister Modi and Prime Minister Abe, more bilateral dialogues have developed at all levels between the two nations to support each other on areas of geopolitical concern, while bolstering education and cultural exchange simultaneously.

Before traveling to Japan on 28 October 2018, Prime Minister Modi mentioned that his third visit to Tokyo and meeting with Prime Minister Abe “will be an opportunity to review our ongoing cooperation and discuss ways for expanding [their] relationship for promoting peace, progress and prosperity throughout the Indo-Pacific region and beyond.” Further he noted, “The India-Japan partnership has been fundamentally transformed and it has been strengthened as a ‘special strategic and global partnership,’” Prime Minister Modi emphasized that³⁾ “[t]here are no negatives but only opportunities in this relationship which are waiting to be seized.”

As such, key decisions were taken to further cooperation in investment and infrastructure between the two countries. Before the formal talks in the 13th annual India-Japan Tokyo summit, the two leaders agreed to launch a two plus two meeting comprising of foreign and defense ministers, where a currency swap

accord of 75 billion dollars and more than 300 billion Yen were resumed to finance India's infrastructure projects including the bullet train project. India decided in 2015 to adopt Japan's Shinkansen (bullet train) system for its first, 500-km rapid railway linking Mumbai and Ahmedabad in western India. Roughly half of the 300 billion yen loan will be used to fund this project. Similarly, in 2016, an agreement on cooperation in the peaceful use of Nuclear energy was concluded between Japan and India. Prime Minister Modi stated this cooperation as a "manifestation of the significant deepening of [their] strategic partnership and [that their] shared objectives of realizing clean energy and sustainable development."

Equally, Prime Minister Abe also hailed Japan-India ties as having "the largest potential for development for any bilateral relationship anywhere in the world." Over the recent years, Japan has been a big hand in the growth story of India. From Bullet train to smart cities, Japan is fully involved in various aspects of these developments. Japan is the largest bilateral donor to India since 2007–2008. The new chapter of relationship under Prime Minister Modi and Prime Minister Abe has become much closer since 2015. The "Make in India" policy of Prime Minister Modi has brought India many new projects from Japan, those entailing technology transfer and local manufacturing. Not only the large corporates, but Japanese small-scale companies are also entering in new sectors in India including real estate, defense, agrochemicals, infrastructure and construction. Consequently, the two biggest democratic countries have experienced rapid economic growth and development in their bilateral cooperation.

As a part of the Act East Policy, Japanese projects contributed in creating jobs for the Indian youth. To boost these bilateral economic ties, ITI trained, blue-collar workers, care givers and nurses from India are sent to Japan for a period of three years to experience the on the job training program. Japan is seeking man power from India and the Modi Government is welcoming this movement in a positive way. Japanese companies are reputed for being reliable and Indian side firmly believes that this trusted relationship is a great learning opportunity for the Indian youth, especially in a long-term. For example, to help India in implementing its Act East Policy, Japan is building high ways and bridges that help boost connectivity and infrastructure in the Northeast region of India. As a supplementary part of this project, JICA experts are also working on the ground level for sustainable agriculture in the Northeast region. To implement these projects successfully, Indian agriculture division sent its personnel to Japan to receive training in mindset and competency building. To achieve positive behavioral changes in the habits and manners, Japanese experts are training Indian people to learn the concept of overall cleanliness as well as work ethics such as punctuality. As such, besides infrastructure projects in the Northeast region, various other projects such as the Clean Ganga project in Varanasi to the western freight Corridor, Japan is the biggest contributor not merely financially, but also in competency building. The two countries have signed agree-

ments to seek skill development, as well as security and disaster management. A strong India means a strong Japan, and further corporation is for mutual benefits.

Furthermore, a joint statement released by Prime Minister Abe and Prime Minister Modi also called for greater cooperation to promote entrepreneurship and research and development in high-tech fields such as artificial intelligence, as well as joint efforts for infrastructure development in third-party countries in Southeast Asia and Africa. The two leaders are expected to confirm their cooperation on the Abe-conceived “Free and Open Indo-Pacific Strategy,” a concept aimed at developing high-quality infrastructure from Asia to Africa, while promoting principles including freedom of navigation and the rule of law. To connect Africa, Southeast Asia and India’s Northeast, a project known as the Asia-Africa Growth Corridor (AAGC) was introduced, where Japan has provided \$40 billion in order to deepen security and defense ties, not merely for the two nations but for other parts of the world as well.



With Honorable Prime Minister Modi - a privilege to attend his lecture to the Indian Community on 29th October 2018 in Tokyo



With External Affairs Minister Honorable Sushima Sawraj on 29th March 2018 at the Indian Embassy in Tokyo

2. India-Mongolia Relation Under Prime Minister Modi

Focus on the strategic dimension of geographic location & mineral wealth of Mongolia

Mongolia occupies an important place in India's Act East Policy towards North East Asia and its track on Central Asian States. Bilateral relations between India and Mongolian are motivated by shared concerns over the growing influence and power of China over Mongolian investment sector. Chinese' increased investment in mining and infrastructure development during these past two decades is a great concern to Mongolian authorities. In an interview with the Mongolian President Battulga in 2014, he expressed concern over the increasing dependence of trade with China. He sought to pursue a third neighbor policy that includes economic relations with India along with the US, Japan and Germany in order to diversify its trading partners. Due to the sudden boom in mineral sector since 2011, Mongolia has attracted world's attention due to its abundance in uranium, gold, coal and copper being among the top ten in terms of natural resources. The lack of effective management of these vast natural resources make Mongolia vulnerable, and India is determined to support Mongolia's development in every possible field.

The bilateral political relations between the two countries have been growing since, and it was elevated to a new level especially during the historic visit of the Indian Prime Minister Modi to Mongolia in 2015 on the occasion of 60th diplomatic relation celebrations. This visit provided fresh impetus to the bilateral relations and is considered an important strategic step to make India's presence felt in East Asia and North East Asia. This visit changed the geo-strategic spectrum of the already existing bilateral relationship between the two countries. During his visit, Prime Minister Modi promised a 1 billion US dollar credit line (soft loan). Mongolia, with this credit, is planning to build its first in the country oil refinery plant, which will ensure Mongolia's economic and energy independence.

India and Mongolia, in recent years have also been promoting cooperation in security, defense and border security. India considers Mongolia an important strategic partner in North East Asia. Indo-Mongolia cooperation in security and defense is progressing well, primarily focusing on strengthening the capacity of border control guards in the two countries. This includes important initiatives between the Border Security Force of India and the General Authority for Border Protection of Mongolia, as well as the National Security Councils of the two countries.

Likewise, such cooperation is also extending in the defense sector. In 2017, a joint India-Mongolia military exercise called Nomadic Elephant was held in India, while Indian army personnel also took an active part in an international peace-keeping operation exercise called Khan Quest in Mongolia. Such kind of cooperation is expected to continue, as confirmed by the top leaders of the two countries.

As a consequence, bilateral high-level visits have become frequent, with Mongolian Prime Ministers, President, Parliament Speakers visiting India and with Indian President, Vice President, Lok Sabha Speaker and Prime Minister paying official and state visits to Mongolia. It is important to highlight that Mongolia considers India as an important Third Neighbor and India is proud to be one.

2018 was particularly an active year in terms of mutual visits. The Mongolian Defense Minister N. Enkhbold visited India in March 2018. Soon after in April, External Affairs Minister Sushma Swaraj visited Ulaanbaatar following her visit to Tokyo. This visit was particularly significant as this was the first visit in 42 years by the Indian External Affairs to Mongolia since 1976. In her visit, cooperation in areas like infrastructure development, energy and ongoing refinery project were discussed. In her statement the minister stated, “The two countries share the bond of peace through Buddhism and bilateral relations has gone strength to strength.” In order to further strengthen the relations, more research on Buddhist linkage and Indian culture were encouraged and for that launching a direct air connectivity between New Delhi and Ulaanbaatar was discussed. This was subsequently followed by the official visit of the Union Home Minister of India Rajnath Singh in June.

The two ministers of India, during their visits, met with the Mongolian President, Prime Minister, Speaker of Mongolian Parliament and many other high-ranking government officials. A major highlight of Rajnath Singh's visit was the oil-refinery ground breaking ceremony, in which he took part along with the Mongolian Prime Minister. Addressing the event, Rajnath Singh said, “I hope that the refinery, being built as part of the credit line of US\$1 billion, announced by the Prime Minister Modi during his historic visit to Mongolia in 2015, will become an everlasting symbol of friendship between India and Mongolia. Also, I believe the refinery is a step ahead for Mongolia to tap into its oil resources, and in coming times it would be a steadfast pillar of its economic independence.” A similar view was echoed by the Prime Minister Khurelsukh of Mongolia, who said, “The joint refinery that we are committed to build jointly, will elevate to new heights the ancient traditional friendly relations and economic cooperation.” This oil refinery has been a dream of many years for Mongolia, who was eager to become self-sufficient and independent of oil imports primarily from Russia and a small amount from China. The oil refinery is expected to be completed in four years and it would have a capacity of refining 1.5 million tons of crude oil from the oil rich basin in the south eastern part of Mongolia.



Union Home Minister of India Honorable Rajnath Singh with the Honorable Mongolian President



At the oil-refinery ground breaking ceremony with Mongolian Prime Minister

Furthermore, India and Mongolia are also interested in cooperation in disaster risk reduction. In 2017 the First Asian Ministerial Conference on Disaster Risk Reduction was held in India, in which the then Deputy Prime Minister and now, the Prime Minister of Mongolia, took part. Mongolia hosted the Second Asian Ministerial Conference on Disaster Risk Reduction on Mongolia 3–6 July 2018. The event was held in Ulaanbaatar, in which a large Indian delegation group was led by the Indian State Minister of Home Affairs, Kiren Riju, who made courtesy calls on the Prime Minister and Deputy Prime Minister of Mongolia to exchange views on bilateral ties, relations and future cooperation. Bilateral relations in this area are expected to grow in the coming years.

While the two nations have been progressing immensely through their partnerships bilateral trade between the two countries is not yet at the expected level, accounting for only around 37.5 million USD. The two sides have noted that both the countries need to improve bilateral trade, which can be possible through

better connectivity. As mentioned earlier, the idea of exploring possible connectivity via air between Ulaanbaatar and New Delhi has been discussed; however, economic feasibility still remains as a key concern.

Lastly, training and capacity building of civil servants from Mongolia as well as cooperation in the IT sector are also a part of India's Act East Policy focus. In Ulaanbaatar, there is an A.B. Vajpayee Center for Excellence in IT, and India wants to see the improvement of its curriculum and physical infrastructure, and is interested in assisting Mongolia. India also offers ICCR, ITEC trainings as well as scholarship program for Mongolians. India wants to see better utilization of these trainings and scholarships. Today, apart from Mongolian civil servants, who are undergoing training in India, there are more than 600 lamas at different monasteries in India and the Indian government has promised to address the visa issue by allowing extensions.

Consequently, India and Mongolia, the two spiritual neighbors, are unanimous that they should now aim to bridge their geographic divide via technology and new means of connectivity. The two countries are in agreement that together they can achieve a lot in terms of promoting regional connectivity for growth and development, especially in Asia, while encouraging peace and prosperity in the Indo-Pacific region.

Conclusion

Japan and Mongolia both play an important role in Prime Minister Modi's Act East Policy. India is a nation of fast-growing economy with a promising market. In this growth story Japan is a key factor and Mongolia with its natural resources and geographical location has recently developed as an advantage to India, both economically and strategically. The relations among the three countries have long historical and spiritual affinity and strong cultural and civilizations ties. Japan and India represent two countries that have never been in any sort of conflict, ideological, cultural or territorial. Likewise, Mongolia and India share a strong relationship since ancient times and remained much less the same throughout: Mongolia is not only India's strategic partner but also a spiritual neighbor.

Both Japan and Mongolia need India as their strong ally and so does India. Japan's high-quality manufacturing and infrastructure is essential for India's growth. Prime Minister Modi stated that, "in the economic development of India, Japan is a key factor." Prime Minister Modi's Make in India, Skill India, Smart India and Digital India are all projects requiring know-how and skills from experts and its success depends on Japanese cooperation, investment and technology. In building a strong India 'Japan Plus' is Prime Minister Modi's priority. Under Prime Minister Abe's project, 'Partnership for Quality Infrastruc-

ture Investment for Asia's Future,' Japanese ODA is expanding in India's infrastructure sector. The long-cherished goal of connectivity of Northeast to Southeast Asia is coming true through the Japanese assistance. Both countries have also agreed on the advance maritime security cooperation, as well as to address regional issues including North-Korea and its nuclear power. Likewise, Mongolia's rich natural resources and geostrategic location play a critical role in bringing economic growth while helping ensure stability and peace in the region. India as its third and spiritual neighbor to Mongolia has many reasons such as the China factor as well as the relevance of Buddhism and the nature of foreign policy to promote strong ties with Mongolia. As such, strategic dimension and mineral wealth of Mongolia is a big attraction to India. To make India as one of the leading countries is Prime Minister Modi's Vision.

Consequently, from Japan's Maritime Self-Defense Force engaging in joint drills with the Indian navies to Mongolia building its first oil refinery plant with India's aid, Japan and Mongolia are prominent in India's eyes and so is India to both the nations. It is to be seen how in coming years such partnerships established among the three countries expand their relations under the Act East Policy, not only for their own benefits exclusively, but also for the benefits of the entire Southeast Asia and the Indo-Pacific region, including the emerging China.

Notes

- 1) Tibet Sun, Everything Tibet: Pt. Jawaharlal Nehru's Speech at "Asian relation conference" March 24, 1947
- 2) Ministry of Foreign Affairs of Japan, "Confluence of the Two Seas" Speech by Mr. Shinzo Abe, Prime Minister of Japan at the parliament of the Republic of India. August 22, 2007.
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